

**SPECIAL MEETING**

The HBPW Board of Directors met  
**January 23, 2023**  
at 4:00 p.m.  
625 Hastings Ave.  
Holland, Michigan

**Chair Thompson called the meeting to order at 4:01 p.m.**

**Members Present:** PJ Thompson, Tim Hemingway, Paul Lilly, Carolyn Maalouf, Beth Snyder, City Council Liaison Nathan Bocks, and Ex Officio Members Dave Couch, and Keith Van Beek

**Members Absent:** None

**Staff Present:** Dave Koster, Janet Lemson, Chuck Warren, Ted Siler, Becky Lehman, Joel Davenport, Chris Van Dokkumburg, Nate Johnson, Pieter Beyer, Tracy York, Julie DeCook  
Guest: Ron VanderVeen, Cunningham Dalman

23.146 **Approval of Agenda**

*Board Member Hemingway made a motion to approve the agenda. The motion was seconded by Board Member Lilly.*

23.147 **Communications from the Audience**

*None*

**SPECIAL ACTION ITEM**

23.148 **Ballot Proposal Recommendation for Sale of the James De Young Property at 64 Pine Avenue**

Early in 2020, the community completed a thorough, nearly 2-year long visioning process. Waterfront Holland, as it is named, established a vision and set of guiding principles that together form an evaluative criteria for future developments along Holland's downtown waterfront.

Since that time, much activity has occurred in different districts along Holland's waterfront. Through a partnership with consultants SB Friedman and Hitchcock Design Group, staff has pursued potential development opportunities to redevelop property that has become available due to the retirement of the James De Young coal-fired power plant. This pursuit involved the issuance of Requests for Qualifications and then Proposals.

Nearly a year ago, the team began detailed discussions with GDK Properties, who provided the sole proposal for redevelopment. This proposal would create a mixed-use development at the end of 8th Street, utilizing properties owned by Verplank as well as the City of Holland. To facilitate this redevelopment, Verplank proposed to relocate Verplank to the James De Young site.

Efforts to date have yielded an evaluation of the alignment with Waterfront Holland's principles, an evaluation of the direct and indirect economic benefits to the community, determination of potential mechanisms to fund eligible public infrastructure improvements, and a non-binding term sheet that sets the foundation for eventual redevelopment agreement between the City, GDK, and Verplank.

*\* Red italics indicate information or discussion added during the meeting and/or action taken.*

While much has been accomplished, there still are many contingencies that need to be worked out. One of those is to receive approval of the sale of waterfront and utility property held by the City and its Board of Public Works. The Charter requires a 3/5th positive vote in order to allow the City Council to move forward with a sale. The parties believe it is appropriate to now ask for voters to decide whether to enable the sale of these properties.

Proposed ballot language has been prepared by the City Attorney's office and discussed with City Council at its study session on January 11, 2023. If the HBPW Board approves the language, City Council will consider the attached resolution at its meeting on February 1, 2023.

*Recommendation: The Board approved the proposed ballot language prepared by the City Attorney's office, specifically as it relates the James De Young power plant site at 64 Pine Avenue, and recommend City Council adopt the attached resolution to submit the question to the electors of the City of Holland during the May 2, 2023, election.*

<i>Motion to approve recommendation</i>	<i>Lilly</i>
<i>Second</i>	<i>Maalouf</i>
<i>Favor</i>	<i>5</i>
<i>Oppose</i>	<i>0</i>

**QUARTERLY MONITORING REPORTS**

23.149 **YTD Second Quarter Preliminary Financials for FY 2023**

The preliminary financial statements for the second quarter of FY 2023 will be reviewed.

*Accept for information. No Board action necessary.*

23.150 **Insurance Claims Q1 and Q2 for FY 2023**

A report summarizing Q1 and Q2 FY 2023 claims activity is being submitted for Board of Directors review.

The report lists four claims received, with a nominal value of \$1,000. At 12/31/2022, two of the four claims have been adjudicated at \$0 cost.

*Accept the report of damage claims submitted to HBPW during Q1 and Q2 FY 2023.*

23.151 **Meeder Public Funds Investment Strategy Update FY 2022 4<sup>th</sup> Quarter**

Highlights from the Meeder Economic Report:

- Year in Review
  - o Fed Funds rate went from 0-0.25% to 4.25-4.50%
  - o Year began with market pricing a Fed Funds rate of 0.82% by year end 2022
  - o 2-year Treasury note ended the year at 4.42%
  - o 10-year Treasury note ended the year at 3.87%
- 2022 had the fastest cycle of rate hikes since 1983
- Wage growth appears to have peaked
- Inverted yield curve (historical indicator of pending recession) continues, with 3-month yields far exceeding 10-year yields.

Portfolio review:

- Weighted average yield 2.16% (compared to 0.70% at June 30, 2022)
- Weighted average maturity 0.95 years (compared to 0.93 years at June 30, 2022)
- Total portfolio \$60,563,268 (compared to \$60,062,149 at June 30, 2022)

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Additional information:

- About 68.1% of the investments with maturities of 1 year or less will be used for retiring/servicing debt:
  - o Electric revenue refunding bonds \$20,000,00 7/1/2023
  - o Water Supply System refunding bonds \$1,285,000 7/1/2023
  - o Pension bond \$1,490,722 12/1/2023
- Remaining short-term maturities will be used for various capital improvement projects.

*Accept for information the Meeder Public Funds Investment Strategy Update dated January 17, 2023.*

23.152 **Energy Risk Management (ERM) Performance Summary**

Minimum energy hedge requirements have been updated to reflect the values in the revised ERM policy approved by the Board on December 12, 2022. Note that this change now shows us deficient in all years vs. the minimum energy hedge requirements. This was anticipated and is the reason why approval of the updated ERM policy also provided staff until June 30, 2024, to achieve full compliance with the new minimum energy hedging requirements.

Additional volume for FY23 was hedged on January 6, 2023. This will be reflected in the January status report. As detailed in the attached report under the ERM program, HBPW has natural gas purchase agreements in place for a total of 6,352,350 dekatherms, at weighted average costs (sans basis) per dekatherm ranging from \$2.40 to \$2.91 for fiscal years 2023-2025. The total cost of the agreements, when exercised, will be \$17,389,973 over the three-year period. The total cost of these agreements is approximately \$9,929,555 less than current market prices (at close of business December 31, 2022) for the same quantities and periods. Including energy resources under contract through MPPA, and the natural gas purchase agreements described above, HBPW has hedges in place as a percentage of forecasted MWh dispatch as follows:

- FY2023 82.1% (policy minimum 90.0%)
- FY2024 75.0% (policy minimum 80.0%)
- FY2025 43.2% (policy minimum 65.0%)
- FY2026 26.8% (policy minimum 50.0%)
- FY2027 26.4% (policy minimum 35.0%)

The natural gas hedges (purchase agreements) in place, as a percentage of forecasted natural gas burn, are:

- FY2023 66.2%
- FY2024 66.9%
- FY2025 22.3%
- FY2026 0.0%
- FY2027 0.0%

*Accept for information the Energy Risk Management Performance Summary Report.*

23.153 **Second Quarter Key Performance Indicators (KPIs) for FY 2023**

As per Governance Policy G002, Key Performance Indicators are reported to the Board of Directors as a quarterly agenda item. KPI reporting supports the Results Policies that came out of the Strategic Planning process.

*Quarterly Report for Board information. No action needed.*

**STUDY ITEM**

23.154 **Water Utility Issues Discussion**

Staff continues a four-month series of presentations on the HBPW's electric, water, wastewater, and broadband utility operations. Staff will highlight major issues affecting current operations and future planning.

Plans to address short and long term supply and delivery of services will be addressed along with high-level summaries of the capital plans.

*Study session topic. No Board action required.*

23.155 **General Manager Comments**

- Our next meeting is February 6, 2023, a regular meeting. February's study session will be on the Wastewater Utility.
- HBPW's website now includes our latest annual report. The entire website has been refreshed and is even more user friendly.
- The Broadband owner's engineer, CTC was onsite here last week. They met with us on design/build services. We'll be rounding out request for proposals on those services in late February.

**ADJOURNMENT**

A motion to adjourn the meeting of *January 23, 2023*, was made by *Hemingway* supported by *Lilly* and agreed upon by the Board of Directors present.

The Board Meeting of January 23, 2023, adjourned at *6:52 p.m.*

Minutes respectfully submitted by,

Janet Lemson, Secretary to the Board